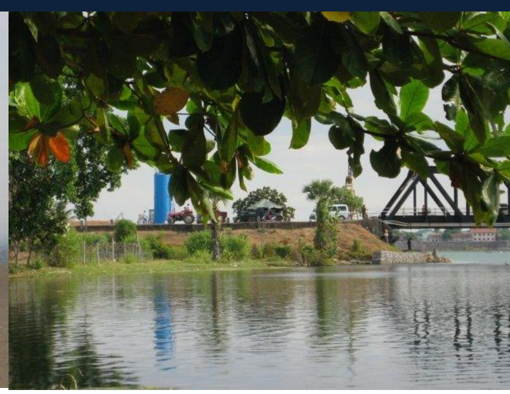
FINAL REPORT

ECONOMIC GROWTH ALLIANCES IN THE ASIA AND MIDDLE EAST REGIONS


Photos courtesy of Julia Lostumbo

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ECONOMIC GROWTH ALLIANCES IN THE ASIA AND MIDDLE EAST REGIONS

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Abbreviations & Acronyms

A&ME	Asia & Middle East (USAID)
ANE	Asia & Near East Region (former USAID department)
ASAP	Association of Strategic Alliance Professionals
ASTP	Apparel Sector Training Partnership
BOT	Build, Operate, Transfer
CORE	Connecting Regional Economies
CRC	Centre for Research and Consulting
CSR	Corporate Social Responsibility
DARD	Departments for Agricultural and Rural Development (DARD) of Vietnam
DBE	Decentralized Basic Education
DEEP	Dairy Enhancement in Eastern Province
DEI	Development Evaluation and Information (former USAID office)
EDC	Education Development Center
EG	Economic Growth
ELI	Environmental Law Institute
EMPRI	Environment Management and Policy Research Institute
EPC	Executive Privatization Council
FICCI	Federation of Indian Chamber of Commerce Industry
FMC	Fast Moving Consumable
GDA	Global Development Alliance
GDP	Gross Domestic Product
GE	General Electric
GOJ	Government of Jordan
ICT	Information Communication Technology
IFC	International Finance Corporation
INJAZ	Jordan Economic Opportunities for Youth
IT	Information Technology
IYF	International Youth Foundation
LMI	Last Mile Initiative
MARD	Ministry of Agriculture and Rural Development (MARD) of Vietnam
MCC	Millennium Challenge Corporation
M&E	Monitoring and Evaluation
MOU	Memorandum of Understanding
MWI	Jordan Ministry of Water and Irrigation
NTFP	Non-Timber Forest Production
OBA	Output-Based Aid
PEER	Partnership for Eastern Economic Revitalization
PFI	Private Financing Infrastructure
P&G	Proctor and Gamble
PPA	Public Private Alliance
PPP	Public Private Partnership
PSI	Private Sector Initiative
QAIA	Queen Alia International Airport
REO	Rehabilitation, Expansion, and Operation
SME	Small and Medium Enterprise
SSG	Synergy Strategies Group
UPP	Unlimited Potential Partnership

USAID	United States Agency for International Development
VDC	Vietnam Data Communication
VTF	Vietnam Telecoms Fund

Foreword

This report on the research conducted by the Business Growth Initiative (BGI) Project funded by the Office of Technical Support for the Asia and Middle East Bureaus provides lessons learned in regard to Public-Private Alliances (PPAs) promoting economic growth developed by missions in those regions. While previous studies have been conducted regarding the overall functioning of PPAs and Global Development Alliances (GDAs) established by USAID, this is the first study that looks at factors determining the success of economic growth PPAs in a region.

The initial task under this study was a desk study of the universe of economic growth oriented PPAs in the region. This was followed by on-site investigations of PPAs in three countries – Egypt, Sri Lanka and Vietnam. This report couples background information on best practices in PPAs provided from various sources with details regarding the specific programs in the three countries.

We hope that the reader will gain an insight on how to design and implement economic growth oriented PPAs from the information in this report. The case studies in this report provide detailed examples from existing or former programs that should help the reader in doing so. This has been an interesting and challenging assignment for BGI and we hope this report will be useful to USAID Economic Growth Officers in designing and implementing future PPAs. Please get in touch with the BGI staff if you have any questions and we encourage you to visit the BGI website at www.businessgrowthinitiative.org for more information on best practices in enterprise development and related topics.

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USAID/EGAT/EG
December 17, 2009

Executive Summary

The purpose of this study was to assess Economic Growth Alliances in USAID's Asia and Middle East (A&ME) Regions. The objective of this activity was to investigate the effectiveness of existing public private alliances (PPAs) in economic growth in the A&ME Bureaus and Missions by carrying out and disseminating regional research on current alliances and making recommendations regarding future activities. While there have been multiple reviews completed of Global Development Alliances (GDAs), they have focused on what is working and what is not working. This paper looked deeper into: why an alliance is successful; does the country or sector make a difference; how stronger alliances could be designed; and the opportunities for expanding economic growth oriented alliances in the A&ME Regions.

Methodology and Approach

A phased approach to research and information gathering was used to ensure a continuous internal review process of the methodology. This approach was critical given the information and data gaps that were encountered early on in the research and allowed for adjustments to be made to the interview questions developed for phases two and three. The methodology used for this paper was a combination of desk study, structured interviews with 60 people representing over 20 alliances, and three field studies in Egypt, Sri Lanka and Vietnam.

Phase one, the desk study, included a literature review of documents and publications focused on best practices of private sector alliance builders as well as a review of previous assessments of GDAs. This phase also incorporated initial interviews with key primary sources, including Dan Runde, former Director of the GDA office of USAID, and Katie Carroll, Alliance Specialist with the GDA office. The interview with Mr. Runde confirmed initial indications that limited written resources were available on alliances. The interview conducted with Katie Carroll further confirmed the limited availability of reliable information on current and former alliances, including: specific data on the duration of alliances, resource partners, leveraged funds, and USAID points of contact. The findings from these two interviews resulted in a change to the final set of nine questions used for all subsequent interviews conducted for this paper (see Annex A).

Phase two applied the interview questions to selected implementers and USAID personnel. The interviews were conducted with both current and former staff of alliances via the phone and email. Interviewees were identified from the USAID database of alliances; however it was difficult to find contact information for former staff and/or to identify non-USAID staff that had worked on the alliance.

Phase three included the field studies. Based on findings from the desk study and the interviews, Egypt, Sri Lanka, and Vietnam were selected for this phase. The field studies included interviews with USAID Mission staff, visits to the alliances, and interviews with USAID alliance implementers, private sector partners and beneficiaries.

Findings

During phase one of this assignment, it was learned that there are a number of successful alliances at work in the Economic Growth sector. While these alliances come in many different shapes and sizes, the key components to a successful alliance include:

1. Research and due diligence:

    a. Research on the sector and the government policies and regulations that would impact the alliance;
    b. Research and due diligence on potential private sector partners, including their integrity, market position, business objectives, stability, staffing and ability to contribute resources (funding and other);
2. The alignment of development objectives with private sector programs and long term business objectives;
3. People factor: USAID staff with a combined skill set of business networking and private sector experience; and
4. An environment conducive to supporting sustainable alliances at the country and sector levels.

Some alliances have not ended as designed, and may be considered unsuccessful. However, it seems that lessons have been learned about the development of alliances and applied, so that unsuccessful alliances are rarer. This is attributed to a combination of a better understanding of linking development goals with private sector core business practices as well as avoiding alliances simply for the sake of having an alliance.

Based on the information gathered during this assessment and the continued interest by the current Administration in PPAs, USAID Missions in the A&ME Regions will continue to develop alliances. The impact that is made through the synergies of USAID and the private sector partner(s) working together can be greater than the impact of the partners working separately. USAID provides access to beneficiaries, scalability, politically neutral backing, name recognition and governmental stability, while the private sector offers innovation, scalability, technology, increased funding, and creativity.

While alliances are much more complex and take much longer to develop than traditional USAID projects, there is evidence based on research for this paper as well as other assessments, that their development impact can be greater. Thus, USAID/A&ME should continue to identify and disseminate best practices and lessons learned in an effort to continue to facilitate successful public private alliances in the economic growth sector.

Limitation of this study

This study was affected by some limitations, most of which revolved around public access to information on and about alliances. Non-public information was provided, however, this information was not necessarily complete. As a result, the methodology of the research activity evolved to accommodate the information and resources that were available. To that end, the findings in this study are based primarily on the 60 people interviewed representing over 20 alliances.

USAID and Alliances

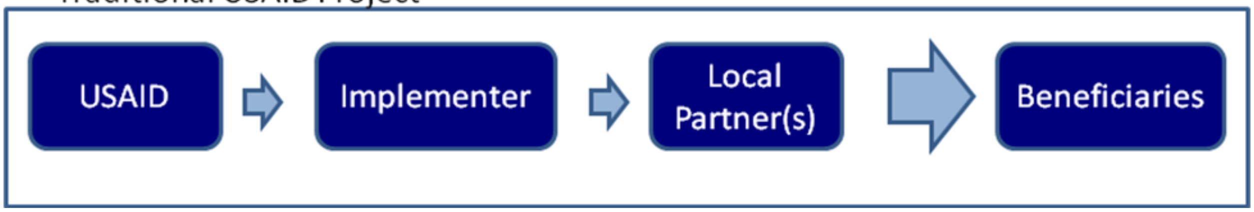
In an effort to create synergies and leverage resources, USAID has been seeking new ways to collaborate with the private sector. Since 2001 when the GDA unit was created, USAID has embarked on a new path to seek out private sector partners as a way to leverage funding in support of development work. To date the office has been very successful in leveraging funds, including more than 700 alliances with over $9 billion dollars invested by over 1,700 partners.

The definition of an "alliance" has been evolving over time. For the purposes of this paper, the definition as set forth by the GDA office will be utilized:

> An alliance combines the assets and experience of strategic partners, leveraging their capital and investments, creativity and access to markets to solve complex problems facing government, business, and communities. This approach relies on the overlapping interests of the U.S. Government's strategic objectives for foreign assistance and the core business goals of industry.

With a traditional project the funding resources and decisions are established by USAID and the implementer. Local partners typically provide technical assistance or other resources and carryout USAID's objectives. A traditional USAID project tends to be more unilateral; a donor utilizes the implementer to provide services to stakeholders and beneficiaries (see figure below). The key elements that distinguish an alliance from a traditional USAID project are that all of the partners collaborate on decision-making and joint planning, plus the partners share resources and responsibility (see figure on next page). While there are some situations in which an alliance is a sub-component of a larger project, not all alliances are linked to projects. This paper looks at alliances independently.

Traditional USAID Project



This shift from traditional USAID projects to seeking out partners for alliances is best explained by the GDA's 2006 publication:

> "It also reflects a broad change in the role of donors in development. Traditional donors, including foreign governments, the World Bank and the United Nations, know that they are no longer the sole sources of development resources, ideas, or efforts. 'To effect change and improve the living conditions of billions of people in sustainable manner,' reads a recent report from the United Nations, 'partnering with civil society and business is more than just an option…it has turned into a necessity'."[1] GDA goes on to explain that, "the key would be to unite the skills and resources of several partners, including private companies, each with its own special strengths, and to apply them to a problem that no one actor could solve alone. The GDA initiative thus represented a shift in the role of USAID, from being primarily a funder of development projects to being an equal partner and manager of collaborative public-private relationships."[2]

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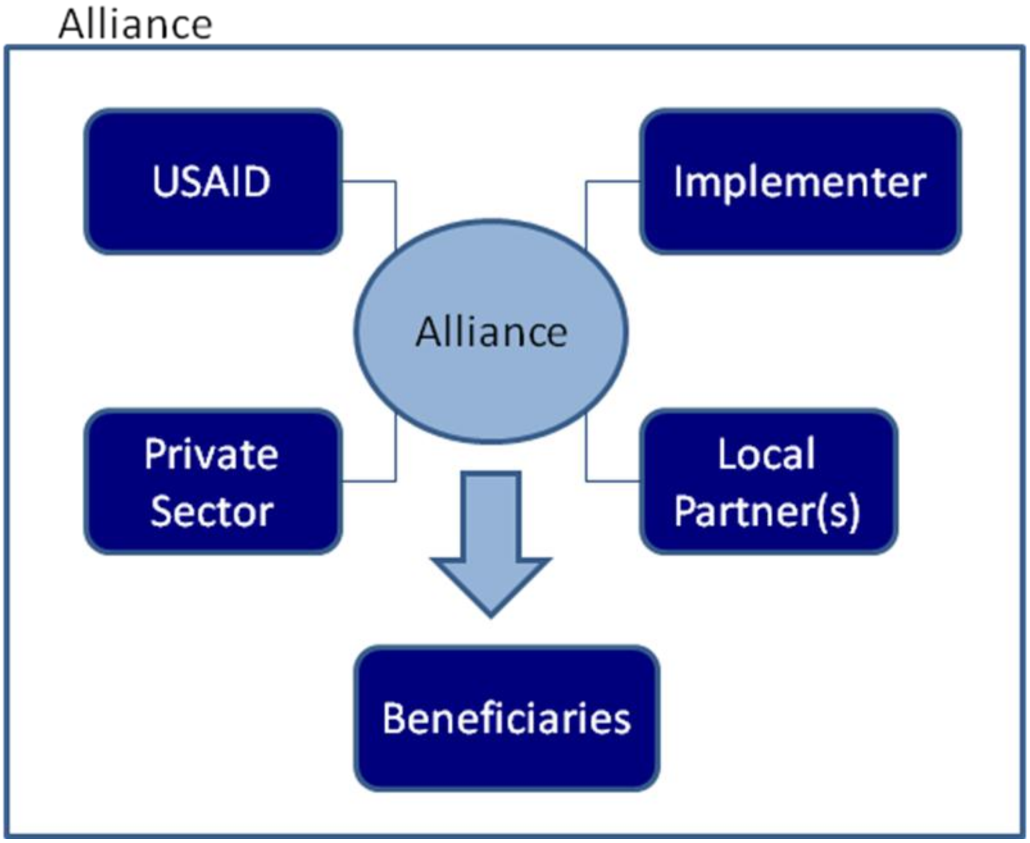
[1] *The Global Development Alliance: Public-Private Alliances for Transformational Development.* USAID Office of Global Development Alliances. January 2006. pp. 20.
[2] *Ibid*. pp. 21.



This paper focuses on economic growth alliances in the A&ME Regions. Economic Growth alliances for this paper include any alliance that can be linked directly to employability training, job placement, job creation, small and medium enterprise (SME) development, income generation, product marketing, and access to credit. The extractive industry or alliances that are narrowly focused on environment, education or health are intentionally not included in this review.

While USAID Missions may not always make a distinction between Public Private Partnerships (PPPs) and Alliances, the GDA office does. Their view is that while all alliances are PPPs, not all PPPs are alliances. In an effort to make this clearer for the reader, the definition of a PPP according to the International Monetary Fund is as follows:

> Public private partnerships refer to arrangements where the private sector supplies infrastructure assets and services that traditionally have been provided by the government. In addition to private execution and financing of public investment, PPPs have two other important characteristics: there is an emphasis on service provision, as well as investment, by the private sector; and significant risk is transferred from the government to the private sector. PPPs are involved in a wide range of social and economic infrastructure projects, but they are mainly used to build and operate hospitals, schools, prisons, roads, bridges and tunnels, light rail networks, air traffic control systems, and water and sanitation plants.[3]

While alliances may be fairly new to USAID, they are not new to the private sector. This paper will explore best practices of alliances drawn from private sector experience, research on

[3] *Public Private Partnerships: In Pursuit of Risk Sharing and Value for Money.* OECD 2008.

previous assessments, and field studies and interviews of staff that worked on current and past USAID alliances in the A&ME Regions.

Global Development Alliance Assessments

USAID has been extremely diligent in assessing the progress made in regard to alliances, and there are a number of reports and findings providing insights. Three recent assessments of GDAs and the progress made at USAID are: *Assessment of USAID's Global Development Alliances in the Bureau for Asia and the Near East* (April 2005); *An Assessment of USAID's Global Development Alliance: Evaluation Paper Number 1* (October 2004); and *Evaluating Global Development Alliances: An Analysis for USAID's Public-Private Partnerships for Development* (2008).

The purpose of the 2005 *Assessment* was to share learning from alliances and Missions, and to inform decisions concerning the GDA office. The Office of Development Evaluation and Information (DEI) coordinated the Asia and Near East Region (ANE) assessment. The assessment team focused on alliances funded by the ANE Public-Private Alliance incentive fund, conducting in-depth reviews of 11 alliances (all but one funded by the incentive funds).

The 2004 *Assessment* was also coordinated by DEI. This assessment included over 60 interviews and brief field visits to 10 countries in the ANE region. Only a few alliances were chosen for in-depth reviews. In addition a web-based survey was used to capture information from Missions not visited and those not actively engaged in alliance building.

The GDA office commissioned DAI to conduct the 2008 *Evaluation*. The team reviewed alliances in order to develop a framework of analysis to evaluate effectiveness and propose next steps to advance the model. As such, the team interviewed over 100 representatives from businesses, USAID and implementing partners around the world, as well as conducted a web-based survey.

The overviews of these three assessments concluded that the GDA concept is well known and broadly accepted in the agency, that the types of partners and the different models of alliances are growing and evolving, and that it is time to enter the next phase of GDAs. These three documents provide detailed information and considerable insight into what is working well and what is not working with regard to GDAs.

During the field studies and interviews conducted for this paper, USAID staff and implementers alike often talked about what is working well and what is not working. The items most often discussed were ones that were also identified in the GDA assessments described above. The most common lessons learned and key findings from the three assessments, which overlapped with the findings from the interviews for this paper, are the following:

- Alliances take on average 18 months to develop before implementation begins;
- Collecting baseline data and developing a monitoring and evaluation (M&E) plan early-on is crucial;
- Mission involvement is important;
- Alliances are labor intensive;
- Senior staff are often best skilled at developing relationships with private sector partners;
- Better tools and resources would prove helpful including:
    - Samples of actual MOUs used in the field;
    - Contact information for private sector actors engaged in alliances;

  - Samples of M&E plans;
- Training should reach out to other offices: contracts, procurement, front, etc.;
- A more streamlined procurement process would be beneficial to creating more alliances;
- Private sector business objectives need to link to USAID's development goals;
- Global frameworks do not always translate down to the local level:
  - Local private sector actors do not always recognize large global frameworks;
  - Local private sector companies do not always have local staff available and experienced to carry out the alliance;
  - Local private sector companies' business objectives do not always align with global frameworks; and
- Sustainability and shared objectives are keys to a successful alliance.

Due to the fact that GDA previously identified these issues and is currently working to address these needs, this paper does not focus on these issues. Instead this paper focuses more on how stronger alliances can be designed and opportunities for expanding economic growth alliances in the A&ME Regions.

Best Practices from the Private Sector Alliances

In order to compete in today's global economy and in an effort to foster innovation, the private sector is forging strategic alliances. An alliance involves collaboration aiming for a synergy where each partner expects that the benefits from the alliance will be greater than those from individual efforts. The alliance often involves technology transfer (access to knowledge and expertise), economic specialization, shared expenses and shared risk. The private sector has been building successful alliances for decades, and various terms have been used to describe forms of strategic partnering including 'international coalitions' (Porter and Fuller, 1986), 'strategic networks' (Jarillo, 1988) and, most commonly, 'strategic alliances.' However, equally important to note is that according to the Harvard Business Review, approximately 60 to 70 percent of alliances fail.[4] The lessons learned from these earlier alliances, both successful and not, have resulted in the development of best practices for any organization wanting to create an alliance with private sector partners. While alliances built in the private sector are often a larger scale partnership, lessons learned and best practices are relevant to USAID's alliances. The following suggestions are from business journal articles focusing on best practices in alliance building and have become the basic building blocks for alliance development. While some may seem obvious, they are useful in understanding key aspects of alliance building.

Selection of Partners

Choosing the right partners for an alliance is difficult and can take much time and research. Based on experience from the private sector, the following should be considered to ensure the partners will add value to the alliance: reputation, track record, corporate culture, operating style, and approach to business.[5] If there is no previous relationship, it is important to meet with potential partners before committing to the alliance to determine how to complement each other and to develop a plan for collaboration for the life of the alliance.

[4] Alliance alternative.
[5] Making Business Alliance Work. pp. 32.

Support from the Top

A key best practice for successful alliances is executive commitment. EDS' Agility Alliance, which won the 2008 Excellence Award from the Association of Strategic Alliance Professionals (ASAP), says the key to their success is having an executive sponsor from each of their partners as a member of the alliance executive steering committee to ensure that alliance goals remain in line with corporate strategy.[6] Similarly, Cisco and Fujitsu's global alliance states that, "executive sponsorship is fundamental," so the CEOs meet at least once a year.[7] Buy-in from top management ensures that appropriate attention is given to the alliance. In this way, top management can ensure that sufficient corporate resources are made available throughout the life of the alliance and that the alliance is aligned with corporate strategy.[8]

The Relationship and Measurement

In order for an alliance to succeed, the partners need to mutually agree, from the beginning, on the purpose of the alliance. The contractual agreement(s), developed with input from all partners involved, should clearly state the purpose and goals of the alliance. In addition, the contract should clearly define the metrics to be used to determine the accomplishments of the alliance. Close attention must be paid not only to what is agreed upon, but how it will be implemented. While in the negotiation phase, the partners should go beyond what is written in the contract to focus on defining protocols for working together and planning operational responsibilities.[9]

Governance

In its inception, the alliance must set up the right governance structure; this means designing, managing, and monitoring the terms of the collaboration.[10] The partners should find a balance between a rigid structure, which can ensure equity and stability, and an informal, flexible structure that can boost productivity and enhance collaboration.[11] Other points to take into consideration include: ownership of intellectual property and the decision-making process.

Communication

The size and complexity of the alliance should dictate the number of meetings at all the various levels, keeping in mind that excessive meetings can be counterproductive. Best practices suggest that "personal contact with stakeholders at each level is the glue that keeps alliances running smoothly, whether it is via on-site meetings, video teleconferences or phone calls."[12] Collaboration tools should be considered and discussed to determine the best way to keep partners talking; for example, through the use of web-based applications where multiple users can access discussion threads, documents, and reports.[13]

The Alliance Manager

Finally, in order for the alliance to be successful, each partner should strongly consider assigning one (or two) person(s) dedicated to managing the alliance and maintaining open and

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[6] Alliance alternative.
[7] The Partnering Payoff. pp. 28.
[8] *Ibid*. pp. 28.
[9] Making Business Alliance Work. pp. 33.
[10] The Partnering Payoff. pp. 28.
[11] Alliance alternative.
[12] The Partnering Payoff. pp. 28.
[13] Collaboration innovation… pp. 41.

frequent communication. A study conducted by the American Productivity and Quality Institute found that organizations which added alliance management to a manager's existing portfolio were less successful than those with managers who only focused on alliance management. Qualities of an alliance manager, beyond business and technical skills, include:

- Ability to develop and maintain relationships, problem-solve, and spot and resolve conflict; effective at seeing situations from multiple perspectives; skilled at listening as well as conveying important information; and tuned in to how well people are working together.[14]

For alliances with partners from different countries, managers with international work and life experience should be considered. A multicultural alliance requires representatives who can understand cultural nuances, issues and motivation, which may have no link to the business arrangement.[15]

One final suggestion from the private sector is to remember that mutual adaptation and flexibility are essential to alliance success. "Deloitte researchers believe that developing trust between partners can offset the risks of opportunism, reduce operational costs, and help to foster the creation of a successful alliance strategy."[16] These lessons learned and best practices from the private sector should be considered in combination with those from USAID's own experience. These can be found in the sections that follow.

Case Studies

Based on findings during the desk study, three countries were identified as targets for an in-depth field study: Egypt, Sri Lanka and Vietnam. These countries provided a mix of alliance models and allowed for interviews with USAID staff as well as partners and beneficiaries. In some instances the alliance had ended, in others they were in start-up mode, while some were coming to an end. All of them provided great lessons learned and insights into what makes a successful alliance.

Egypt Case Study

Developing the Tomato Processing Industry in Egypt (2007-2012): This is an alliance between USAID, ACDI/VOCA, and the A.J. Heinz Company. This alliance aims to provide effective and sustainable extension training, market information and analysis, lasting relationships with input providers and buyers, and support to institutions in an effort to increase annual per capita incomes from tomatoes. This alliance aims to enhance the capacity of smallholder farmers to profitably serve as reliable suppliers of high-value horticulture to processors and other buyers. In this alliance USAID provided $7,000,000 in funding while the partner provided $35,521,531.

Heinz was looking to grow their market share in tomato paste and was seeking out opportunities around the globe. Eastern Europe was an attractive possibility since Italy was pulling out of that market. However, Egypt was also attractive, particularly because Egypt has two harvest cycles for tomatoes per annum. The only problem was that Egypt was not producing enough tomatoes at the time for it to be lucrative for Heinz. Heinz had the technology and marketing that could be applied to smallholder production, but did not have the capacity to deliver the technology and systems for marketing to the mass of smallholder growers.

[14] Making Business Alliance Work. pp. 34.
[15] The Partnering Payoff. pp. 28.
[16] *Ibid*.

Heinz was aware that there was a large agriculture project in Egypt funded by USAID. One component of this project was to form a farmers' association. Heinz had an idea that working with the farmers' association might be a great way to develop a new source of supply for tomatoes. Heinz approached the original project implementer to discuss the idea of tomato production and to ascertain if the Egyptian farmers would be able to increase their yields. Together, Heinz and the original project implementer worked on a plan for collaboration and the idea of an alliance was developed, which was then pitched to USAID.

The idea for this alliance was that USAID brought funding and scalability, the implementer brought in the relationships already built with many local farmers as well as an in-depth knowledge of agricultural challenges in the country, while Heinz was providing trainers for their particular type of tomato, and they would be buying the tomato paste. There were multiple stumbling blocks during the development phase of this alliance, including a change in implementers to ACDI/VOCA. However, every participant interviewed regarding this alliance views it as a great success.

Through this alliance, Heinz and ACDI/VOCA have trained Egyptian small-holder farmers on how to grow the Heinz tomatoes, including planting, seed varieties, pesticide use, and water irrigation. Through these trainings, the farmers interacted directly with Heinz and learned first-hand Heinz produce standards. In addition, ACDI/VOCA placed Field Representatives, who were trained to provide expert support to the farmers, near farmers in upper and lower Egypt in an effort to develop stronger relationships and provide support directly at the farm level. These representatives have assisted the farmers to address unexpected issues that may arise during the growing/harvesting season, including post harvest handling, genetics/breeding, and irrigation.

Based on reports from ACDI/VOCA, the farmers have increased their yields two and sometimes three-fold. The farmers were pleased with their yields and the quality of the tomatoes. Unfortunately, there was a problem with the processor. It was learned too late that the processor would not be able to handle the huge quantity of tomatoes that would actually be produced. In addition, there were transportation issues limiting options for transporting the tomatoes from the farm gate to the processor. As a result, some of the farmers were not able to turn a profit on their tomatoes and Heinz did not actually purchase any tomato paste made during the first harvest cycle. The lesson learned was that an analysis of the value chain might have identified weaknesses related to transportation and the processor's capacity that could have been avoided through other strategic interventions.

This very serious and real issue was addressed and additional processors were identified by ACDI/VOCA that could handle the larger yield of tomatoes for the second harvest. According to individuals interviewed, this response was facilitated by the flexibility of the alliance partners in working together to meet the common goal of the alliance. At the time of the interviews, the second growing season was underway, and the processors were optimistic about the up-coming harvest and their potential return.

Through this alliance, USAID has managed to leverage the private sector for an improved development outcome by creating a direct market linkage. The private sector actor, Heinz, is interacting directly with both the farmers and processors to eliminate the gap and secure a long-term business commitment.

It is worth noting that those persons interviewed for this alliance were very open about the multiple challenges and pitfalls this particular alliance faced. Regardless, the interviewees all agreed that the results and rewards far out-weighed the myriad challenges.

Sri Lanka Case Study

Apparel Sector Training Partnership (ASTP) (2008-2009): This alliance between Brandix and USAID sought to bring job opportunities and skills training to the former conflict zone in the Eastern Provinces of Sri Lanka. Those individuals who completed the 8-week training program would be eligible for full-time employment at the factory. This alliance is creating new jobs in the apparel sector and demonstrating the investment viability of the Eastern Provinces, catalyzing more private sector investments. In this alliance, USAID contributed $100,000, while the partner provided $525,565.

For approximately 30 years there has been varying degrees of conflict in Sri Lanka due largely to the ethnic conflict between the Sinhalese majority and the Tamil minority. Most of the violence was confined to the Northern and Eastern Provinces. In 2008, the Sri Lankan government managed to confine the conflict to the north, leaving the Eastern Provinces mostly conflict free.

During this period, the Western Provinces were contributing approximately 50% of the Gross Domestic Product (GDP), while the Eastern Provinces were only contributing around 5%. The Sri Lankan government was looking to attract investors to the Eastern Provinces and launched incentives to entice the private sector. The Eastern Provinces offered business opportunities such as first-mover advantage,[17] lower salaried workers, as well as government incentives, including tax breaks and land leases.

USAID saw this as an opportunity for catalytic change to bring economic growth and partnered with Brandix, a large local garment manufacturer, that was the first private sector company to agree to move to the Eastern Provinces. Brandix decided to open a factory in Punani, a small town in the east. Construction began on the factory in September 2008, during which time there was still some conflict and violence in the area. There were many challenges during the construction phase, including elephants that had previously utilized the land as a path to their watering hole, in addition to armed combatants that still lingered in the area. Brandix started its pre-training program at the same time as construction and the factory was open by the end of December 2008.

At the time of the interviews, 100 women[18] were trained and 70 were employed in the factory. It is important to note that there were very limited options in terms of employment in the area at that time, including farming agriculture and livestock, civil defense, and fisheries. While the pay for low-skilled agriculture activities was slightly higher than the factory's wages, Brandix offered skills training, on-site medical support, lunch, and an opportunity to work in ethnically mixed teams. In an effort to promote ethnic harmony in the area, Brandix decided to make all work teams ethnically mixed, with Tamil, Sinhalese and Muslim women all working together.

By working together in an alliance, Brandix was able to bring job opportunities to an area that had been in conflict for almost 30 years and USAID was able to provide training, translation and materials to support this endeavor. While the Sri Lankan government provided tax breaks, land,

[17] First-mover advantage is the benefit produced by being the first to enter a market with a new product or service.
[18] At the time of the interview only women had entered the training program, though it was open to anyone who was interested.

and assistance with the electricity and communication, USAID provided neutral political coverage simply by displaying the USAID logo on the entry gate. Without USAID as a partner, Brandix would probably not have been able to overcome the constraints previously mentioned that were associated with this activity. The association with USAID helped Brandix gain credibility and validated their commitment to the community.

Last Mile Initiative (LMI) (2006-2008): This was an alliance between Synergy Strategies Group (SSG) Advisors, Qualcomm, Dialog Telecom, the National Development Bank of Sri Lanka, and USAID, with an objective to open 25 telecenters in rural towns using the latest wireless broadband technologies. This alliance utilized an innovative franchise approach to create a profitable and sustainable business model for extending information and communication technology (ICT) services and connectivity to rural consumers. The franchise approach aimed to remove existing barriers to entry, such as high connectivity costs, by aggregating demand. It also reduced risk by providing capable entrepreneurs with all they needed to succeed. In this alliance USAID contributed $410,000 while the partner contributed $390,000.

USAID was looking for a way to promote sustainable access to ICT services in rural areas, but the project budget was not sufficient for such a large-scale activity. Dialog had been testing wireless broadband technologies and had obtained the necessary licensing from the telecom regulatory commission, and was therefore already positioned to provide ICT coverage as part of this alliance; Dialog was seeking to test these products in a different market, so the alliance appeared to be a situation where both Dialog and USAID would benefit. Qualcomm, through its Wireless Reach program, was looking to break into the market in South Asia using 3G technology.[19] The convergence of interests allowed a greater development impact to be realized than if each partner acted alone.

Through this alliance, SSG used a unique micro-franchise business model for the project, called "franchise-in-a-box." The franchise-in-a-box included everything the rural entrepreneur would need to succeed: equipment, access to the internet, access to finance, business planning, standardized pricing, marketing, technical support and connectivity. Over the two-year time frame of this alliance, 55 telecenters (under the local brand name Easy Seva) were opened in outlying communities in Sri Lanka. Each center was equipped with 3-5 computers, a printer, and wireless internet connectivity. By 2008 Easy Seva centers became one of the largest users of broadband internet outside of the capital city, Colombo.

Without the alliance partnership, the Last Mile Initiative program could not have been considered a success, as none of the partners could have accomplished alone what this alliance was able to accomplish. The partners provided all the key requirements for success, including connectivity and regulatory coverage. In Sri Lanka, Dialog and Qualcomm proved essential in providing both of these types of resources. In total, all the alliance partners brought more than $500,000 in cash, technology and technical assistance, thus enabling SSG to stretch USAID's original investment and open 55 centers, more than double the original expected outcome of 25.

[19] 3G Technology: also known as 3rd Generation is a family of standards for mobile telecommunications defined by the International Telecommunication Union, which includes GSM EDGE, UMTS, and CDMA2000 as well as DECT and WiMAX. Services include wide-area wireless voice telephone, video calls, and wireless data, all in a mobile environment. Compared to 2G and 2.5G services, 3G allows simultaneous use of speech and data services and higher data rates (up to 14.0 Mbit/s on the downlink and 5.8 Mbit/s on the uplink with HSPA+). Thus, 3G networks enable network operators to offer users a wider range of more advanced services while achieving greater network capacity through improved spectral efficiency.

In the eyes of USAID and the implementers this alliance was a success. Indeed the development impact of bringing ICT to the rural areas in Sri Lanka was substantial. At the end of the alliance the 55 centers were attracting an estimated 10,000 users who were willing to pay for services. Easy Seva centers were offering internet at a cost of US$0.37/hour, which was sufficient to cover the cost of connectivity and overhead so that the owners of the Easy Seva centers could earn a modest profit.

However, the private sector partners interviewed did not consider this alliance to be as successful as originally expected. The alliance goals supported an ambitious longer-term strategy for the 'Easy Seva' concept to attract private investment to scale-up this program to over 500 centers country-wide. Persons interviewed thought that the global economic downturn and the escalating conflict in the country led to private investors viewing the opportunity as too risky. Some thought that if USAID had been able to continue funding the alliance for a bit longer the end result might have been different. Consequently, some persons interviewed believe that this alliance was not as successful as it could have been since it did not meet the expectations of catalyzing more private investment. At the time of the interviews at least 20% of the centers had faltered and were no longer in business.

<u>Unlimited Potential Partnership (UPP) (2006-2010):</u> Partners in this alliance include InfoShare, Microsoft, and USAID. UPP aims to enhance ICT skills for increased employability of Sri Lankan youth focusing on the agriculture, media and journalism, apparel and tourism sectors, which account for approximately 39% of all jobs in Sri Lanka. Working closely with the Vocational Training Authority of Sri Lanka, Microsoft deployed a curriculum for ICT literacy focused on employability for trainers and ICT centers. While USAID provided $190,200 the partners provided $319,799.

InfoShare was responsible for developing the curriculum, IDM and other local training entities were to provide the training, Microsoft was to provide the technology (and some funding) and USAID was to provide scholarships. The end target is to train 11,000 youth by 2010, and that 25% of those youth be employed.

In 2006 Microsoft began its Unlimited Potential skills program in Sri Lanka. Microsoft worked in partnership with vocational training centers and sought to improve employability for young people. In an effort to improve and expand upon this training program, InfoShare conducted a needs assessment, identified new partners and selected an industry focus. The result is the public private alliance with USAID and other vocational training providers.

Without USAID as a partner the potential for scalability would have been less. By using USAID's logo, the project established greater credibility with the partners. USAID has also helped the partners to stay on track through encouragement, open communication and support. The partners provided innovation, and Microsoft worked with InfoShare to tailor the basic curriculum to the specific needs of the sectors. This meant overlaying the basics of how to use software packages with the actual skills needed by the industry.

<u>Partnership for Eastern Economic Revitalization (PEER) (2009-2012):</u> Dairy Enhancement in Eastern Province (DEEP) is an alliance among Land O'Lakes, CIC, and USAID focused on increasing dairy production in the Eastern Provinces. This alliance connects dairy farmers in the east to the national dairy value chain and increases economic opportunities for participating dairy farmers. The funding amount provided by USAID is $3,750,000 and the partner(s) contribution is $6,310,465.

Similar to the Brandix alliance listed above, the focus of the PEER DEEP alliance is to revitalize economic growth in the Eastern Provinces of Sri Lanka, in this case through dairy production. USAID joined this alliance to help create new jobs, jump-start economic growth and foster stability in the area.

Currently only powdered milk is made for local distribution in Sri Lanka, while 80% of milk and yogurt products are imported. The aim is to build technical and organizational capacities of dairy farmers and Milk Producer Groups to enhance the quantity and quality of milk products. USAID, working with both Land O'Lakes and CIC, will foster relationships between producers and processors that will create a steady stream of income for the eastern regions' small farmers to stimulate additional private sector investments in farm inputs and veterinary and breeding services.

USAID brings funds to this partnership to improve the prospects for scalability. CIC, the local partner, has an out-grower scheme, which provides linkages to the farmers. In addition, CIC is investing $100,000 in the building of a small processing facility, providing two farms with 700 buffalo/cattle, and will be using their small cold chain as the basis from which to grow. Land O'Lakes is providing outreach, research and is instrumental in identifying the farmers and development of farmer co-operatives. Furthermore, they are providing training, not only to beneficiaries, but to CIC as well. The plan is to ensure sustainability by having Land O'Lakes supervise this endeavor, training CIC along the way, and when the alliance ends in three years, CIC will be able to take over all aspects of the project. The partners' contributions to this alliance are a perfect example of how shared resources and goals provide a more comprehensive approach. USAID/Sri Lanka sees these types of alliances as catalytic, placing more involvement and ownership in the hands of the local partner. At the time of the interview this alliance was just beginning.

Vietnam Case Study

TOPIC 64 (2006-2008): This was an alliance among the Centre for Research and Consulting management (CRC), Microsoft, Qualcomm, Electricity of Vietnam, Hewlett Packard and USAID. This alliance was developed to create one Community Technology Learning Center in each of Vietnam's 64 provinces. The purpose of this partnership was to launch wireless connectivity and ICT applications in community centers and schools, many in rural areas where cable lines do not reach. USAID's contribution to this alliance was $210,538 while the partners' contribution was $1,825,322.

The alliance's main focus was to develop a national system of sustainable and locally adaptable e-learning centers. In a country in which 40% of the population works in agriculture, these e-learning centers are bringing ICT skills with a focus on employability to the rural communities. Each of the partners helped to create one center in each of the 64 provinces by providing hardware, software and capacity building services. Training focused on instructors, students, and managers of the new centers, helping to ensure sustainability.

USAID was critical to this alliance in that it was a neutral partner that could manage the political and regulatory issues that arose. USAID also championed new entrepreneurial ideas guiding the partners of the alliance. When the partnership ended in 2008, TOPIC's 64 branch centers and affiliates had trained 87,000 students on the Microsoft Unlimited Potential basic information technology (IT) curriculum. Most importantly, TOPIC 64 went commercial with a joint venture agreement between the new entity TOPICA and the Open University of Vietnam.

Not surprisingly, USAID and the implementer see this alliance as a huge success. Indeed TOPICA now has over 1,000 paying students in its bachelor's degree programs (offered in business, accounting and IT), which represents the next stage of content leveraged from the TOPIC 64 alliance. In addition, 54 of the 64 learning centers are still in operation.

Interestingly enough, this alliance, like the Sri Lanka LMI, while successful in the eyes of the development workers, is not viewed as so successful by the private sector. Microsoft Vietnam believes that USAID ended this project too soon and, as a result, they felt it was not sustainable and that the full impact of the activity will not be realized. This is an example of different interpretations of sustainability of an alliance. It seems that all of the partners did not have a shared vision of success. In this case the commercialization of some of the TOPIC centers appeared sustainable, but the process seemingly did not take all partners' interests into account.

<u>Last Mile Initiative (LMI) 1.0 (2005-2008):</u> This was an alliance among SRA International, Intel, Vietnam Telecoms Fund (VTF), Vietnam Data Communication (VDC), and Qualcomm. This activity piloted advanced wireless broadband internet access to remote and rural underserved populations in Vietnam.

With the support of the GDA Office, an initial assessment was conducted in Vietnam looking at the ICT sector for possible alliances. While investigating potential partners, it was discovered that Vietnam has a universal service fund tax, and VTF was responsible for this fund. The purpose of the tax was to bring telecommunications to the rural areas of Vietnam.

USAID brought to the alliance its considerable experience in technical assistance and policy advice with regards to the universal service funds. Qualcomm and Intel provided the technology to test and the funding to pay for the installation of the centers.

VTF is responsible for collecting fees totaling US$40-60 million a year from telecom carriers and distributing these funds to help build out and support telecommunication services in rural areas across Vietnam. USAID worked closely with VTF providing them technical assistance through SRA International, improving the skill base of staff, and guiding them on legislation and foundation directives.

The second focus for this alliance was deploying two wireless broadband networks using WiMAX and WiFi. The alliance was bringing broadband internet by using both fiber backhaul and satellite backhaul so that rural areas without wired infrastructure could be connected. Because USAID, VDC and Intel worked together as partners in this alliance the access and scalability went beyond what any one partner could have achieved on their own.

The Vietnam LMI alliance incorporated several innovative approaches including focusing on rural socioeconomic development, not simply internet connectivity, utilizing broadband via fiber and satellite, and focusing on placement of internet in learning areas (schools, health clinics and government offices). It is anticipated that SRA International will begin implementation of LMI 2.0, the next phase of this activity, in late fall of 2009.

Alliance Findings

Based upon the research conducted for this study it is clear alliances come in all shapes and sizes. There is no one model that can be applied across the board that will ensure the success of an alliance. Furthermore, while there are multiple best practices mentioned throughout this paper, following them does not guarantee success. Instead, the best practices are provided as a way to mitigate challenges and pitfalls that are inherent to alliances. Below are the most significant findings.

Approaches for Alliances

A very common finding about alliances is that no one model or approach works for all alliances. Perhaps this is best stated by USAID/Indonesia in the 2005 *Assessment*, “GDA is a good model, but it is not ‘one size fits all;’ there is a need to think about what model will work best.” During interviews, it was learned that most often alliances are formed when the USAID project implementers engage private sector partners in the course of implementing an already established USAID project, e. g., the SENADA project in Indonesia. A DAI staff member at SENADA suggested that doing research on a company before approaching them with an idea for an alliance is important. From SENADA’s experience having approached one company without having done any research, the pitch was not well received. Their second attempt for an alliance, with a different company, was successful because they had researched the company’s business activities and plans in the country and came up with a few ideas that were well aligned between the SENADA project’s objectives and the private sector actor’s. This approach showed flexibility and an understanding to the fundamentals of working with the private sector. In their first approach, SENADA requested a meeting to “brainstorm” with the private sector actor, which was not well received. However, in their second approach, the private sector responded positively to a well thought out plan presented in a quick and focused meeting.

Another way in which alliances come about is by a private company approaching an implementer that is already working in the country on a USAID project. An example of this is Thanksgiving Coffee, a company that approached Winrock on the Nepal Tea and Coffee alliance. Thanksgiving Coffee was already aware of Winrock’s work in Nepal through their participation in Farmer-to-Farmer. After Thanksgiving Coffee approached Winrock with the concept, Holland Coffee was then enticed to join the alliance, and the concept was developed and presented to USAID. This also occurred in the case discussed in the previous section in which Heinz approached the USAID project implementer.

Occasionally alliances were formed after USAID’s implementing agency conducted an assessment and identified partners for a particular activity. This was the case with The Environmental Law Institute (ELI) and General Electric (GE) in India as well as with LMI Vietnam. The common thread throughout all of these approaches is that due diligence was conducted, partners were identified, and there was an extended period of relationship building that took place; or an already known entity from previous engagements was chosen.

Some interviewees also discussed instances when a private sector actor approached USAID directly with an idea. However, these seemed to have met with less success. Presumably this is because there are some misperceptions about USAID’s role as a member in an alliance, and some private sector entities are merely looking for money and recognition. Other times there simply was not sufficient or qualified USAID staff available to develop the concept and relationship to move the idea of the alliance forward.

Regardless of how the alliance comes into being, another key variable for alliance development relates to how someone on the project team or linked to the project had a personal connection with a representative of the private sector organization, i.e., a “pre-existing relationship.” This was mentioned numerous times. While these do not always exist or can’t be planned, they can be a crucial element in the development of alliances.

Country and Sector of an Alliance

Most interviewees did not believe the sector of an alliance made a difference. There were some who believed that the ICT sector lent itself most readily to the building of alliances. Perhaps this is because this is considered a "new" sector and those working in it are more comfortable with innovation and new ideas. Others thought that there is more potential for alliances in the education sector. Like ICT, interviewees felt that there is a more natural fit between development goals and private sector business objectives in the education sector. Still others felt that Economic Growth (EG) is the easiest sector to build alliances, mainly due to corporate social responsibility (CSR) motivations. However, most agreed that the democracy and governance sector was the most difficult area to build alliances.

It is important to note, however, that when asked if the culture or specific conditions within a country made a difference, most interviewees said that what was most important was the sector within the country and the government policies and regulations that surround it. This suggests that while a specific country culture or circumstance alone, or a specific sector alone, does not determine the ease of developing alliances, the intersection of some of those factors can determine the potential success of an alliance. There are several key determining factors. These factors are similar to those used when designing a traditional economic growth development activity:

- At the country level, a business-enabling environment that is attractive to international investors should be in place.
- The potential targeted sector or industry should be examined for policies and regulations that are supportive for growth or new business opportunities in that sector.
- Local private sector partners who are motivated, engaged, and have business objectives that align with USAID's development goals are critical for a potential alliance.

One interviewee strongly suggested that a two-part assessment is imperative before moving forward with an alliance:

- First, conduct an assessment to identify potential partners. Each country will have its limitations and parameters, which may or may not be conducive to an alliance.
- Second, design the alliance based on the findings from your assessment and how the potential project has linkages to their core business and business objectives.

Measurements and Sustainability of an Alliance

USAID/India, in the 2005 *Assessment*, suggests that development impact is the driving force for pursuing strategic alliances. Unfortunately, few alliances have a monitoring and evaluation system with baseline data analysis that can capture actual impact.[20] Furthermore, the 2005 GDA *Assessment* team, while meeting with USAID/Philippines, was told that the evaluation plans of alliances often focus more on output indicators, which do not provide an assessment of impact.

This is important to note, because many interviewees thought that the alliance they worked on was a success based on output indicators. For example, one alliance held a national competition for software development. The winner was selected based on the marketability of the product. The only measure of success of this alliance was the marketability of the software, the output of this alliance. Alliances often measure success with an indicator such as the number of people trained, which is an output, and not a development impact.

[20] The Partnering Payoff. pp. 27.

On the other hand, some alliances did measure success in terms of both outputs and impact, or outcomes. For example, the Nepal Tea and Coffee alliance used the amount of coffee exports and number of jobs created to measure the success of their efforts. When the alliance began in 2002 the amount of specialty coffee exports from Nepal was negligible, but by 2006 they were exporting 90 tons valued at nearly US$350,000. In addition, the number of smallholder families producing coffee commercially grew from 3,650 to over 14,400 and it is estimated that the industry generated the equivalent of about 350 full time jobs.

What is clear from the USAID assessments, field studies, and interviews is that baseline surveys and an M&E plan are essential parts of an alliance. The M&E plan should focus not only on outputs, but on outcomes as well, as this is where impact can be measured. Without these measurements it is difficult to evaluate the alliances and answer cost-benefit questions, such as whether a project might have made a bigger impact by pursuing a different approach rather than an alliance.[21]

Sustainability is also an important issue. However, how one measures sustainability and what constitutes sustainability is subject to debate. The International Youth Foundation (IYF) believes that the Education and Employment alliance could be sustainable, not because the same alliance will be replicated when the project is over, but because the local partners have developed the capacity to undertake similar activities to strengthen youth employability in their country. On the other hand, the ELI in India believes that their alliance was not sustainable since there was no longer a relationship between the partners.

From a development standpoint, if the alliance appears sustainable at the time the activity is over, donors often believe that the alliance is sustainable. However, from the point of view of some members of the private sector, an alliance is sustainable if the alliance is still in existence months or years after the donor's participation is over. For alliances in the economic growth sector this often means that businesses, products or services are able to continue without donor support. This helps to understand why it is so important that exit strategies are developed as part of the forging of an alliance to extend beyond a project's end.

Public and Private Input in an Alliance

In the global economy, as private sector companies seek new niches, look for market advantages and search for new customers, many are looking to emerging markets. By joining forces with USAID, they can often gain development expertise, credibility, political neutrality, outreach, local context/country knowledge, government and local partner connections, and mitigate their risks.

According to interviewees, the most common reasons why the private sector would want USAID in an alliance is to reach out into communities throughout a country. For example, Intel was hoping to access rural areas in Indonesia. Without partnering with USAID, (Intel Teach Indonesia) Intel would not have been able to access its target audience. This alliance gave Intel the access needed to reach their target and penetrate the market. Other times it is USAID's ability to manage political issues that can arise, for example Sri Lanka Brandix, or to provide a credible name to an activity as with Sri Lanka UPP.

[21] *Ibid*. pp. 64.

When a private sector entity decides to enter international business (trade or investment), the country they work in will be different and provide unique environmental conditions, including culture, political systems, economic systems, legal systems, and level of economic development. Companies like Exxon, Microsoft and Intel are not new to the international business market and would not require USAID's expertise. New companies face serious challenges. These differences can be profound and the private sector entity must fully understand these differences. For example, developing close government relations may be key to working in Egypt, but not necessary for working in Costa Rica. USAID, from its experience working overseas, usually knows how to work in the local context. It is this depth of knowledge that can provide the private sector with the ability to enter new markets, scale up, and achieve more, through alliances with USAID.

Key reasons for USAID to seek alliance partners is to improve USAID's access to technology, specialized skills, access to global supply chains and markets, knowledge of market standards and requirements, innovation and creativity, and to provide synergies and leverage. USAID can also influence a private sector partner to engage in business practices that include a development aspect beneficial to the host country. In sum, when these various capabilities come together to achieve the same shared outcome, the resulting synergy allows USAID to achieve greater impacts than may have been possible through traditional USAID projects.

Challenges and Pitfalls

While there have indeed been many successes in alliances, there have been just as many challenges, and this paper is not trying to suggest otherwise. Even "successful" alliances have often faced multiple challenges which lend to difficulties and questionable development impacts. Given the wide range of actors and resources that make up different alliances, challenges and pitfalls are not all the same; however, many can be traced back to shortcomings in the alliance development stage. Like traditional USAID projects, implementation challenges are difficult to predict. However, the nature of the partnerships, the governing structure and communication systems can affect the partners' ability to address challenges in implementation.

Selecting the right partners is critical. Some alliances have had difficulties with partnerships in terms of reliability and capabilities. Sometimes partners have ceased to participate, even after they signed a memorandum of understanding (MOU) with USAID. This was the case with an LMI alliance; one of the local partners simply stopped showing-up and communicating with the alliance partners. While the alliance was able to continue without this partner's contributions, the time and energy wasted on trying to keep them engaged was tremendous, and distracted members from other tasks at hand. There are examples of partners committing to resources that they were unable to provide, either due to lack of capabilities or resources. This can happen for a variety to reasons. For example, a company may decide to apply committed resources elsewhere. The private sector may have a different interpretation of how the resources are applied and accounted for. The MOU structure cannot hold individual partners accountable for committed resources, leaving the other partners left to find new solutions. This was an issue in the Heinz alliance. As mentioned above, the first processor that the alliance worked with was unable to handle the large quantity of tomatoes the farmers produced. This was not due to ill intentions on the part of the processor, but merely an inability to grasp the concept of the huge increase in produce that would need to be processed. More due diligence at the development stage could have avoided this particular challenge.

Government policies and regulations for a particular sector in a country need to be reviewed early on or challenges can arise. It is important to research policies and regulations to ensure that they are supportive and provide an enabling environment for an alliance. In one particular instance an alliance faced a very difficult challenge when materials imported for the specific use of the alliance were held at customs and were unobtainable.

Government policies and regulations of a specific commodity or sector can have a direct impact on an alliance. The SUCCESS alliance in Vietnam has been working to develop Vietnam's cocoa plant production, working in targeted provinces as pilot activities. The introduction of the new plant variety on a wider scale requires approval under the Ministry of Agriculture and Rural Development (MARD) and provincial Departments for Agricultural and Rural Development (DARD). While progress has been slow, partners are working closely with the government of Vietnam to obtain approval of the new plant variety. Local DARD representatives are actively engaged with the alliance and working collaboratively to move the approval process forward. Approval of the new plant varieties will support the expansion of production and attract investment of other alliance partners such as Cargill Foods. Without the approval of the new plant variety, this sector will not be able to attain the scale required to compete in the global market. The early inclusion of the DARD representative has been critical to addressing the regulatory requirements of the MARD. The reason to engage with the local representatives of the DARD was to build the required trust and support within the government agency which can then lead efforts to gain the required approvals at the national level and support the success of the alliance.

A M&E plan at the onset of the alliance is extremely important, as mentioned earlier. However, this too can sometimes cause challenges. Inherent to the design of an alliance, joint decision-making by partners can lead to a very non-linear path. As a consequence, alliances can have unforeseen results and impacts. IYF found that it is hard to understand the diversity of the activities when the alliance is in the development stage. As such, they have reportedly had some achievements that do not fit, or are hard to capture, under their current M&E plan. Flexibility needs to be built into the M&E plans, which would suggest a yearly review and revision, ensuring to capture as much as possible.

Other alliances have had difficulty moving from design to implementation because of delays with funding allocations and internal approval processes. There are examples of this with both private sector partners and USAID. Often the root of this challenge is due to the disconnect between technical units and the procurement office. While delays can come from various partners (including the host country government), USAID procurement can also be the source of the delay. In one example, the money contributed by the private sector had already been exhausted before USAID was able to provide any money at all. This is an example of how the private sector may be able to move faster than USAID.

All of these challenges, and many others, should be considered before moving forward with the development of an alliance. Other important points to consider include: the amount of time it takes to identify, research, and develop an alliance; the human resources available and USAID's ability to support the alliances (especially given the frequency of staff transfers in and out of a Mission); support from the Mission Director and an understanding by the procurement office; the link to the private sector, both in terms of the person with business networking skills and connections; and an environment conducive to supporting an alliance.

Conclusions

The research, interviews and field studies conducted for this paper have provided findings that help demonstrate what makes an Economic Growth related alliance successful.

As seen throughout this paper, there are multiple types of successful alliances. However, the key components of a successful alliance include an engaged private sector partner, a sustainability strategy, the capitalization on each partner's resources, and a commitment by all to the same development goals. When the alliance has come to an end, what will truly show that the alliance was successful is sustainability, and verified development impacts, achieved through measured outputs and outcomes that demonstrate improvements from an original baseline survey.

Furthermore, the country and the sector do indeed make a difference at the point where they intersect. Some countries and sectors are more open and able to support a PPA than others. Time should be taken to conduct a strategic assessment to determine whether the country and sector have the enabling environment, i.e., government policies and regulations, and market demand in place to support an alliance. During the assessment, potential private sector partners should also be identified, for if there are no potential partners the policies of a country's sectors are irrelevant.

Finally, based on the findings of this paper and the continued interest by senior U.S. Government officials in PPAs, USAID Missions will continue to look for opportunities to create new and expand existing PPAs. Therefore, it is useful for the A&ME Bureaus to promote the best practices and lessons learned revealed by this study. While one cannot simply state that an alliance produces better development results than a traditional USAID project, what can be stated is that alliances can allow for increased scalability, shared resources, broader access, and potentially a more significant development impact than that of a traditional USAID project. It is the synergy of USAID and the private sector partner working together that allows for this.

To ensure that alliances bring the maximum benefit to their beneficiaries, USAID Missions and the GDA Office should continue to work together to determine the best way to support the development of alliances. There is a strong need for improved tools, M&E systems, and samples on how to build quality alliances. Training needs to continue, with a larger focus on support offices, including procurement, contracts, and the front offices of Missions. Most important, it needs to be stressed that the main purpose for developing an alliance is for an improved development impact, and combined synergies, not just to leverage funds.

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Annex A: Interview Questions

These are the base set of questions that were asked of all interviewees after the initial meetings with Dan Runde and Katie Carroll.

1. What is the alliance you are working on and what is your role in the alliance?
2. What were the driving factors behind the development of this alliance? How were partners selected?
3. What types of agreements were made with the partners (written vs. oral, formal vs. informal)? If you had to develop a new alliance, would you utilize the same type of agreement mechanisms or would you choose another type? Why?
4. How is/was the alliance managed? Where are/were the alliance managers located (country)? Do/did all partners have dedicated alliance managers?
5. Do the country's rules/regulations (enabling environment) have an impact on the success of an alliance?
6. Does the sector of the alliance (agriculture vs. economic growth vs. ICT vs. health vs. environment) have an impact on the ability to develop partnerships or the success of an alliance?
7. Has this alliance been a success? What measurements are used to determine success of this alliance?
8. Are there any best practices or lessons learned that you would want to share with others working on alliances?
9. In your opinion should USAID continue to develop alliances? Why or why not? Other factors to consider?

Annex B: Economic Growth Alliances in Asia & Middle East

This paper focused primarily on economic growth alliances located in the A&ME Regions. In an effort to be more inclusive, Economic Growth for this paper includes any alliance that can be linked directly to: employability training, job placement, job creation, SME development, income generation, product marketing, and access to capital. Not included intentionally in this review is the extractive industry or alliances that are narrowly focused only on environment, education, or health. Below are brief descriptions of the alliances for which someone was interviewed in the preparation of this paper.

Egypt Alliance for Nursing Career College (2005-2007)

This alliance worked to identify jobs for unemployed educated youth and to establish a model nursing career college to be replicated at universities throughout Egypt.

Egypt Developing the Processing Tomato Sector Alliance (2007-2012)

The Heinz Tomato GDA will enhance the capacity of smallholder farmers to profitably serve as reliable suppliers of high-value horticulture to processors and other buyers. Through this partnership, the Government of Egypt and USAID will help farmers become reliable suppliers of high quality tomatoes to food processors like Heinz and other buyers. While Heinz possesses technology and marketing that can be applied to smallholder production, it does not have the capacity to deliver the technology and systems for marketing to the critical mass of smallholder growers to meet its expanded export and processing demands. USAID has funding and experience under the Agricultural Exports and Rural Incomes project in Egypt to help the private agribusiness firm reach out to the smallholder to grow the needed crops.

The result of the GDA will be to increase the incomes of 8,000 smallholder farmers, primarily in Upper Egypt, by integrating them into sustainable, high-value horticultural marketing systems. At the farmer level, this will be achieved through training and technical support to enable farmers to meet market quality, quantity, and consistency requirements. Most resources will focus on overcoming limitations to crop production, notably poor nursery operations, over-application of agrochemical inputs, inappropriate spacing of plants, insufficient irrigation and poor harvest management. A critically important aspect of the longer term tomato production is the selection of crops grown in rotation with tomatoes, as tomatoes cannot be grown season after season on the same land. The program will invest substantial resources to help farmers select, grow and market rotational crops, such as green beans and melons, building on improved agricultural practices learned in growing tomatoes. Assistance will be provided in planting and harvesting, production planning, market intelligence and grower access to credit. Access to agricultural credit is a major constraint in Upper Egypt. With Heinz and USAID support and the use of forward contacts for crop sales, the GDA participating smallholders will be able to access needed credit for tomato and other high value crop sales.

Egypt Hand in Hand Alliance (anticipated 2009)

Currently in the development phase, Proctor & Gamble (P&G) and USAID are exploring collaboration to make fast moving consumables more accessible to lower income Egyptian households as well as generate economic activities for female micro-entrepreneurs. Lower income households either lack access to or cannot afford many goods and services, among them common household items referred to in the business world as fast moving consumables (FMCs). The Hand in Hand alliance aims to simultaneously address these issues by launching and nurturing a self-sustaining FMC network distribution system in Egypt's lower income communities. At the head of these networks are FMC distributor micro-enterprises, village based female entrepreneurs who sell and deliver FMC products to their families, friends, and neighbors.

India Environmental Compliance Capacity (2003-2006)

This alliance worked to build capacity of SMEs in the area of environmental law compliance. The training focused on best practices and legal issues from experienced environmental managers and lawyers. The partners of this alliance were: GE, the ELI, and local partners, the Federation of Indian Chamber of Commerce and Industry (FICCI) and the Environment Management Policy and Research Institute (EMPRI).

Indonesia Cisco Alliance (2008-2010)

This alliance seeks to increase SME's utilization of technology through an internship program. A Cisco-certified technical program that was already being taught at universities around Indonesia was used as the basis for internship selection. Upon graduation, top students were selected to be interns and were placed with SMEs in the light manufacturing industry in Indonesia. This is a very intensive internship; the students are currently developing workplans that will be reviewed by Cisco.

Indonesia Microsoft Alliance (2007-2009)

This alliance developed a national business innovation competition focused on the development of software for SMEs in Indonesia. Anyone, including organizations, firms, and universities can submit software for review. Each competition selects three software designs and the designers then receive cash to develop the software as well as Microsoft hardware and software. Currently one weak area of the alliance, which is being worked on, is helping the software winners to commercialize their product.

Indonesia Teach Getting Started (2007-2010)

This alliance focuses on teachers working in six key provinces of Indonesia. The alliance supports teacher training and development of information communication technology as a practical teaching and learning tool in the classroom. The alliance works through the Decentralized Basic Education (DBE) project. The Education Development Center (EDC) manages the Teaching and Learning component along with the alliance.

Jordan Economic Opportunities for Youth (INJAZ) (2004-2009)

This alliance seeks to enhance the skills of youth and increase their participation in the economy to help bridge the existing gap between the knowledge acquired through education and the skills required by the job market. Activities include: job fairs, an internship program, a student exchange program, career month, and a job shadowing program.

INJAZ started from an unsolicited proposal to USAID by Save the Children in the late 1990s. The alliance, which is modeled after Junior Achievement, teaches entrepreneurship, teamwork, and life skills to public school students from the intermediate to university levels. The ultimate objective of INJAZ is to prepare Jordanian youth for the realities of the job market.

Nepal Tea and Coffee Smallholder Mobilization Alliance (2002-2005 and 2004-2006)

This alliance promoted production and marketing of specialty tea and coffee through smallholder mobilization and improved governance. This idea was developed by the coffee growers, working with the implementers and specialized farmers (from the Farmer-to-Farmer program). They developed the concept and then brought the idea to the Mission to develop support for this alliance. The alliance brought Holland Coffee in as a partner to help develop the quality of processed tea and coffee in Nepal. This alliance also worked to increase branded export and increase employment and income of smallholders. This alliance was a huge success and the coffee sector in Nepal is now well established and the partnership between the smallholders and Holland Coffee continues to this day.

Nepal Non-Timber Forest Products (2002-2005)

This alliance linked domestic and foreign non-timber forest product (NTFP) buyers to Nepali producers. The alliance increased income and employment for Nepal's NTFP producers, promoted sustainable resource management, instituted a certification program, and expanded responsible buying practices among industry members.

Sri Lanka Connecting Regional Economies (CORE) (2008-2011)

This alliance works in the Eastern Province and adjacent conflict affected areas to support livelihood development for vulnerable populations, improve competitiveness of agriculture based value chains, increase productivity of value chain services, implement a workforce development strategy and promote a business enabling environment.

Sri Lanka Partnership for Eastern Economic Revitalization (PEER) (2009-2012)

USAID is committed to helping conflict affected communities return to normal through the creation of sustainable jobs and increased business opportunities. There are two major partnerships under PEER, one with Land O'Lakes and CIC focused on dairy enhancement. This project connects dairy farmers in the east to the dairy value chain and increases economic opportunities for participating dairy farmers. The other partnership is with Hayleys Agro Farms focused on sustainable agriculture through commercialization. This project aims to improve the quantity and quality of horticultural productions and provide new markets for local farmers, increasing their income and helping to strengthen their families and communities.

Sri Lanka Apparel Sector Training Partnership (ASTP) (2008-2009)

This partnership is training people for employment at the new Brandix factory in Punani. Those who complete the 8-week training program will be eligible for full-time employment at the factory. This PPA is creating new jobs in the apparel sector and demonstrating the investment viability of the east to catalyze more private sector investments.

Sri Lanka Accelerated Skills Acquisition Program Partnership (ASAP) (2006-2009)

This was an alliance between Creative Associates, Christian Children's Fund, International Youth Foundation, and local Sri Lankan Training Institutes. The aim of this GDA was to strengthen Sri Lankan job training centers' capacities to deliver demand driven skills training to youth that meet employers' needs. This included: 1) increasing the preparedness of school leavers to succeed in the workplace; 2) disseminating information on vocational training models and best practices to a network of partnerships; and 3) establishing linkages between training providers and employers.

Sri Lanka Last Mile Initiative (LMI) (2006-2008)

The partnership included Synergy Strategies Group (SSG), Dialog, and InfoShare. This alliance utilized an innovative franchise approach to create a profitable and sustainable business model for extending ICT services and connectivity to rural consumers. The franchise approach aimed to remove existing barriers to entry such as high connectivity costs, by aggregating demand. It also reduced risk by providing capable entrepreneurs with all they need to succeed – a business model, technical support and training, plus a package of content and services, finance and marketing.

Sri Lanka Unlimited Potential Partnership (UPP) (2006-2010)

This GDA is between USAID, Microsoft and a Sri Lankan implementer, InfoShare. UPP aims to enhance ICT skills for increased employability of Sri Lankan youth focusing on agriculture, media and journalism, apparel and tourism sectors, which account for approximately 39% of all jobs in Sri Lanka. Working closely with the Vocational Training Authority of Sri Lanka, Microsoft deployed a curriculum for ICT literacy focused on employability to trainers and ICT centers. New curricula will be deployed through UPP with a target of training over 11,000 youth. A scholarship scheme for 2,000 youth from rural areas is also underway.

Vietnam Last Mile Initiative (LMI) 1.0 (2005-2008)

This GDA was between USAID, SRA International, Intel, the VTF, Vietnam Data Communication, and Qualcomm. This activity piloted advanced wireless broadband internet access to remote and rural underserved populations in Vietnam. LMI also advanced Intel's WiMAX technology supporting voice over (VOIP) and broadband internet access to rural areas.

Vietnam Last Mile Initiative (LMI) 2.0 (2009-2011)

This GDA is between USAID, SRA International, and the VTF. The aim for LMI 2.0 is to enhance further institutional capacity of VTF to promote wider access to ICT in rural areas of Vietnam. Activities will include supporting the development of VTF's data collection, maintenance and analysis capabilities; advising on effectiveness of past and present operations; and working to develop a new strategic plan. In addition, the project will seek to create sustainable business models, such as micro-franchising, to deliver high quality access, content and services in rural communities.

Vietnam TOPIC 64 (2006-2008)

This partnership included USAID, Microsoft, Qualcomm, Electricity of Vietnam (EVN), and Hewlett Packard Corporation. This was an ICT skills and connectivity partnership implemented by the Centre for Research and Consulting on Management (CRC) based at Hanoi University. This alliance sought to create or upgrade one community technology learning center in each of Vietnam's 64 provinces. TOPIC 64 built on Qualcomm's wireless technology and utilized Microsoft's Community Learning Curriculum to train students in basic computer skills.

Education and Employment Alliance (2004-2009)

(Countries involved include: Egypt, India, Indonesia, Morocco, Pakistan and Philippines).
This alliance's purpose is to improve the quality of education, enhance employability, and build employment opportunities for youth under 24. The alliance was developed by the former USAID/ANE Bureau and IYF and was presented to the field through a conference held in Bangkok in 2004. The local Missions were presented with the idea for the alliance and were given the option to participate. In the end India, a Mission that had not been originally invited,

requested to be a part of the alliance as well. IYF, the Bureau, and then each local Mission formulated a country vision and conducted a gap analysis to identify areas to provide seed money to act as a catalyst for activities.

This alliance has two functional levels. One is the project-based alliances, of which there are 33, and with each of these alliances having at least one public, one private, and one civil society partner working towards youth employability. The second level is a steering committee for each country that focuses on the bigger picture, approving grant funding and adding value.

SUCCESS (Indonesia, Philippines, Vietnam)

SUCCESS was a program started in 2000 by ACDI/VOCA; in 2002 USAID was approached by the cocoa industry and eventually it led to the development of the SUCCESS alliance. The cocoa alliance is regional and each Mission has a separate cooperative agreement with ACDI/VOCA. The focus is on improving the quantity and quality of small-holder-grown cocoa while increasing income of cocoa farmers.

Annex C: Public Private Partnerships

Research for this paper also included PPPs. While PPPs have some similarities with alliances, they are indeed a very different type of partnership. From our research we were able to identify one PPP in the A&ME Regions that was supported by USAID, the Wastewater Treatment Plant in Jordan, described in further detail below.

In an effort to help explain the differences between PPPs and alliances, it is best to define terms that are often confused and used interchangeably, but which have very distinct meanings in the private sector. A PPP is a contractual agreement between a public agency and a private sector entity. Through the agreement, skills and assets of each are shared in delivering a service or facility for the use of the general public. In addition to sharing resources, each party shares in the risks and rewards in the delivery of the service or facility.[22]

An example of a PPP is Jordan's well publicized Queen Alia International Airport (QAIA). The Government of Jordan (GOJ), with support from the International Finance Corporation (IFC), is working with the Aeroports de Paris Consortium to expand and rehabilitate the airport. This PPP is a $675 million transaction involving a 25-year contract for Rehabilitation, Expansion, and Operation (REO). Under the terms of the REO Agreement with the GOJ, the investor is responsible for the rehabilitation of the existing terminal, design and development of a new terminal, plus the operation and management of QAIA for a period of 25 years. At the end of the contracted time period, the QAIA will be transferred back to the GOJ who will assume full responsibility.

Like this example, most PPPs focus on the development of large scale infrastructure projects, such as airport design, light rail construction, port development, hospital renovations, transshipment terminal construction, road construction, power plants, etc.[23]

On the other hand, the purpose of alliances are often to come together to promote social responsibility and/or development activities that will help countries with their desire to progress. This is not to imply that a PPP cannot have a social responsibility component, however, it is not the primary purpose of a PPP.

Furthermore, one of the main purposes behind the development of strategic alliances is to leverage private sector funds for development activities that fall within the parameters of USAID's strategic goals. Conversely, supporting a PPP project would not result in leveraging of funds for USAID development activities. The funds for a PPP are used for the building and improving of public services, which can be development in its own right, but there would not be additional funds available for USAID's use. This does not mean that USAID should not work with PPPs; on the contrary there is a niche for USAID to support PPPs and even to help the PPP partners to consider corporate social responsibility activities that can go hand-in-hand with the PPP.

As-Samra Wastewater Treatment Plant/Jordan (PPP/BOT)

USAID supported the Jordan Ministry of Water and Irrigation (MWI) PPP with a private sector consortium to rebuild the As-Samra wastewater treatment plant using the Build, Operate, Transfer (BOT) model. USAID's contribution was a $78.1 million grant, the MWI contribution

[22] *Public Private Partnerships: In Pursuit of Risk Sharing and Value for Money.* OECD 2008.
[23] www.fdi.net

was $13.9 million and the balance $22 million came from the private sector consortium composed of Ondeo and the Morganti Group. The project was funded through the Arab Bank group. This new plant will treat wastewater at a level that meets the international standards for discharge into streams and river valleys; thereby greatly improving the environmental and health conditions in the plant's surrounding area.

Jordan is now in the midst of a large effort to develop multiple PPPs with coordination through their Executive Privatization Council (EPC). Through interviews with the EPC and the IFC/Jordan, there is a role for USAID to play in the development and support of PPPs. Both the EPC and the IFC suggested that USAID provide capacity building support to the staff of the government and line ministries as they embark on this endeavor. This would seem most logical, as capacity building is a strength of USAID and would add-value to the support that the IFC will be providing to the EPC.

Other Donors' work with PPPs

The IFC is the private sector arm of the World Bank that is a global investor and advisor committed to developing a sustainable private sector in emerging markets. Although typically seen as a project finance specialist, IFC has also developed world-class advisory expertise on privatization and private delivery of public services. According to the IFC, governments are increasingly turning to the private sector for improved efficiency and quality in delivering projects and services in key sectors such as power, transport, water and sanitation, as well as more recently, health and education. With its considerable experience of working with governments and brokering PPPs, IFC markets itself as, "uniquely qualified to be your partner of choice in virtually any public-private partnership in emerging markets." IFC not only offers project finance, they also provide advisory expertise services to governments on implementing private sector participation transactions, PPPs and otherwise. Currently IFC is supporting 40 ongoing PPPs in such countries as: Bangladesh, Egypt, India, Indonesia, Lebanon, Jordan, Philippines, Saudi Arabia, Vietnam, and Yemen.

Two years ago the Millennium Challenge Corporation (MCC) developed the Private Sector Initiative (PSI) unit, which is comprised of a three-person team engaging in private sector dialogue, identifying potential partners, leveraging private sector funds and supporting PPPs. Though not currently supporting any PPPs, the PSI unit recently developed and presented a Toolkit in March 2008. The Toolkit was developed for Compact Countries, providing them with tools to engage the private sector for leveraging and helping to ensure sustainability of investments made by their Compact. Four models of private sector engagement are explained in the Toolkit: Private Financing of Infrastructure (PFI), Outsourced Management, Output-Based Aid (OBA), and Social Franchise. The MCC PFI model includes both PPP/BOTs as well as Concessions, which are distinct from a PPP/BOT (full definitions follow). Regardless, PSI has done a great job of outlining what private sector engagement should look like among their Compact Countries.

Definitions of PPPs, Privatization, Outsourcing and Concessions

According to the International Monetary Fund, public private partnerships refer to arrangements where the private sector supplies infrastructure assets and services that traditionally have been provided by the government. In addition to private execution and financing of public investment, PPPs have two other important characteristics: there is an emphasis on service provision as well as investment by the private sector; and significant risk is transferred from the government to the private sector. PPPs are involved in a wide range of social and economic infrastructure projects, but they are mainly used to build and operate hospitals, schools, prisons, roads, bridges and tunnels, light rail networks, air traffic control systems, and water and sanitation plants.[24]

PPPs can often be confused with privatization, outsourcing and concessions. Privatization is the process of moving from a government-controlled system to a privately run, for-profit system. Privatization involves outright sale of a public service or facility to the private sector; compared to a PPP, which involves private management of public service through a long-term contract between an operator and a public authority.

Outsourcing, in the traditional sense, is when the government transfers the ownership of a business process to a supplier. It is the transfer of ownership that defines outsourcing and often makes it such a challenging process. In outsourcing, the buyer, in this example the government, does not instruct the supplier on how to perform its task but, instead, focuses on communicating what results it wants to buy. This leaves the process of accomplishing those results to the supplier. As such, the government gives up the management of the process and only controls the end product or service.

The most common misconception is between PPP and Concession. A Concession grants the right to a private firm to operate a defined infrastructure service and receive revenues from it. Usually the concessionaire pays the concession-granting authority a fee for this right and the concessionaire carries the bulk of the risk. Concessions differ from privatization in that the asset remains the legal property of the government.

Concessions and PPPs have many commonalities, both use the private sector to improve value for money and efficiency; in both, the risk transfers to the private operator, and the partnership usually involves the private firm operating, maintaining and financing the asset during a contracted period of time. However, the difference lies in risk and payment. While both involve the transfer of risk to the private operator, demand risk in general is higher in the case of a Concession. And while PPPs and Concessions might receive payment from the government and user charges levied directly on the users of the service, Concessions usually depend on user charges for the majority of their income. In the case of a Concession, the private operator pays the government for the right to operate the asset, instead of the government paying the private operator for service as in a PPP.[25]

On the next page are OECD's list of best practices for PPPs.

[24] *Public Private Partnerships: In Pursuit of Risk Sharing and Value for Money.* OECD 2008.
[25] *Public Private Partnerships: In Pursuit of Risk Sharing and Value for Money.* OECD 2008.

OECD’s Good Practices in the public-private partnership process

1. **Affordability and Value for Money**: these are benchmarks for PPP viability. In principle, affordability is about whether or not a project falls within the inter-temporal budget constraint of the local government. If it does not, then the project is unaffordable.
2. **Value for Money** must be the primary objective in PPP design. Value for money is the optimal combination of quality, features and price, calculated over the whole of the project’s life. A PPP project yields higher value for money compared to traditional procurement or in-house production. Higher value for money is mainly obtained through risk transfer, competition and the use of private sector management skills.
3. **Fiscal Rules and Expenditure Limits.** The issue of affordability – and hence the necessity for the local government to operate within the boundaries of its inter-temporal budget constraint – should not be confused with fiscal rules, medium term expenditure frameworks or budgetary limits imposed either legally or as political commitments. Getting a PPP project off the books is not a valid argument for taking the PPP route.
4. **Risk Sharing** plays a fundamental role in whether or not a PPP will yield value for money. As risk is an important part of the incentive mechanism for the private partner to be as efficient as possible, risk sharing is a key feature for a successful PPP. In general, risk must be carried by the party best suited to carry it, i.e. the party that can carry the risk at least cost. Thus, efficiency improves through adequate risk sharing. The way risk is shared between the local government and the private partner is also the key feature when classifying a project as a PPP or traditional procurement.
5. **Competition and Contestability** are key elements to ensure the effective transfer of risk to the private partner. Aspects include competition for the market (i.e. in the bidding process) as well as competition or contestability in the market once the contract is concluded and in operation. In the absence of competition, effective risk transfer will not occur, which in turn means that the intended value for money improvements will not be realized.
6. **PPPs, Budget Documentation and Transparency.** Budget documentation must disclose all information on PPPs in a transparent way. The information should include what and when the local government will pay, and full details of guarantees and contingent liabilities. The information should preferably be disclosed at the same time as the results of the long-term fiscal analysis that shows the long-term effects of PPP contracts.
7. **Regulatory and Legal Framework.** Normal procurement legislation is often inadequate for public private partnerships. During all stages of the PPP process, there must be a clear and transparent legal framework that both parties trust. Clarity in the regulatory framework will also help minimize the risk of corruption and prevent unethical behavior. Where possible, contracts can be standardized to improve clarity and to reduce transaction costs. In addition, as PPP contracts are long-term commitments and as demand for public service may change, clear rules for renegotiation must be applicable to all parties.
8. **Institutional Capacity: the PPP Unit.** To ensure efficient public private partnerships, the local government needs proper institutional capacity to create, manage, and evaluate them. There is also a need for capacity to provide expertise and support to the public parties engaged in PPPs. A PPP Unit can fulfill these functions. It should be equipped with expertise to set up and negotiate PPP contracts and to support public bodies responsible for projects in the PPP process.
9. **Public Sector Comparator.** A public sector comparator will improve the scrutiny of PPP projects and improve the assessment of value for money.
10. **Political Support** is necessary from the highest level and preferably also across party political lines, as PPP contracts usually last longer than the elected term governments.

Copied in its entirety from OECD’s *Public Private Partnerships*

Annex D: Chart of Economic Growth Alliances in Asia & Middle East

Country(ies) of Alliance	Title of Alliance	Time Period	Partners in Alliance	Purpose of Alliance	Value of Alliance
Afghanistan	Dry Fruit Association of Kandahar	2007	DFEAK/FAF Development	Introduce domestically-produced packaging, reducing cost from US $2 to $1 for packaging. More than 20,000 farmers will benefit.	USAID: 149,950; Partner: 580,000
Afghanistan	Etebar -- Credit and Profile Verification	2007-2009	Digistan	Provide credit decision support tools for major employers, banks, telecom operators and retailers, thus facilitating credit-based financial extensions to SMEs and consumers as well as speeding employment screening processes and making hiring decisions more objective.	USAID: 125,000; Partner: 215,000
Afghanistan	Insurance Corporation of Afghanistan	2007-2009	Insurance Corporation of Afghanistan	To invest in and to lay the groundwork for insurance industry that facilitates investment in the Afghan economy in ways that are not currently present or possible without the existence of a world-class insurer to act as market leader and market developer.	USAID: 310,000; Partner: 5,000,000
Afghanistan	Licorice Processing	2007-2009	Krystal Corporation	Creation of a domestic processing business that captures previously relinquished territory in this value chain and contributes a highly visible example of domestic value addition and eventual vertical integration into very high value domestic production of goods that use licorice as an ingredient.	USAID: 200,000; Partner: 2,000,000

Country(ies) of Alliance	Title of Alliance	Time Period	Partners in Alliance	Purpose of Alliance	Value of Alliance
Afghanistan	Tarsian & Blinkley / Maharat: Training Center	2007	Tarsian & Blinkley/Maharat	Technology transfer and improved manufacturing and business practices to strengthen domestic garment industry, reducing the quantity of imports.	USAID: 125,027; Partner: 365,607
Afghanistan	Afghan Agri-business Alliances	2006-2011	Catholic Relief Services, Citizens Network for Foreign Affairs, Mercy Corps	Partners will bring outside agricultural marketers and investors together with Afghan producers to increase domestic and export production.	USAID: 6,000,000; Partner: 12,000,000
Afghanistan	One Laptop Per Child "OLPC"	2007-2009	OLPC	Introduces 11,000 laptops to support SME creation, vocational skills-building, a business education platform, market information access, E-mail usage, village-2-village sharing, business registration, computerized recordkeeping, accounting, and general improvement in communications to a worldwide Afghan Diaspora.	USAID: 280,000; Partner: 2,020,000
Afghanistan	Afghanistan Reality TV		ToloTV, the American University in Afghanistan, and the Export Promotion Agency of Afghanistan	“Dream and Achieve” is modeled after Donald Trump's show “the Apprentice.” Competition of business plans that provide compelling, innovative, socially responsible, viable business concepts.	
AFR Regional, ME Regional -- South Africa and Morocco	Global Financial Innovations Partnerships/ShoreBank	2004-2007	Global Financial Innovations Partnership (GFIP)	GFIP is a model for leveraging capital and technical assistance to finance slum upgrading activities through partnerships with local financial institutions.	USAID $600,000; Partner $2,026,000

Country(ies) of Alliance	Title of Alliance	Time Period	Partners in Alliance	Purpose of Alliance	Value of Alliance
Africa, Asia and Middle East	Network Academy Alliance		HP, Cisco, ITU, Panduit, UNDP	Cisco Network Academy is a global e-learning initiative that is cultivating a robust IT workforce. Teaching students necessary computer networking skills and preparing them for internationally recognized certification. The alliance also provides scholarships for girls and women to attend the academy.	Data not available.
Bangladesh	Grameen Shakti & Nishorgo Fuel Wood Energy Reduction	2006-2009	Grameen Shakti	Grameen Shakti delivers energy-saving products and services to rural households and businesses. USAID's Nishorgo works to reduce fuel wood consumption so as to improve forests and biodiversity. They have teamed up in partnership by which Grameen sales staff targets madrassahs and residents around biodiversity-important Protected Areas for purchase of fuel wood saving stoves and biogas plants.	USAID: 21,000; Partner: 15,000
Egypt	Egypt Alliance for Nursing Career College	2005-2007	Education for Employment Foundation, Egyptian Ministry of Health and Population, Egyptian Ministry of Higher Education, Ministry of International Cooperation, Misr University for Science and Technology, Simmons College, School for Health Studies, Various local Egyptian hospitals	This alliance worked to identify jobs for unemployed educated youth and to establish a model nursing career college to be replicated at universities throughout Egypt.	USAID $900,000; Partner $5,675,000

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Egypt	Four Thousand Tons Per Day Alliance	2007-2012	H.J. Heinz Company and ACDI/VOCA	Works to enhance the capabilities of small farmers, predominantly in upper Egypt, to serve as reliable suppliers of high value horticulture to processors and other buyers.	USAID $7,000,000; Partner $35,521,531
Egypt, India, Indonesia, Morocco, Pakistan, Philippines	Education and Employment Alliance	2004-2008	ACCOR Indonesia, BP, Chevron, Dr. Reddy Foundation, Gap Inc., GE Foundation, Ink Media, International Youth Foundation, Lucent Technologies, Microsoft, Newmont, Nike, Oracle	To improve the quality of education, enhance employability, build employment opportunities for youth under 24, share lessons learned on how to build effective public-private alliances that benefit education and employability.	USAID: 13,420,443; Partner: 23,042,731
Egypt, Lebanon, Bahrain, Jordan	Alliance for Junior Achievement	2004?-2015?	Junior Achievement, Citibank, MEPI, ExxonMobil	INJAZ Arabia is a private sector-led initiative to mentor and cultivate the next generation of business leaders. USAID the Middle East partnership, ministries, and private corporations join forces to send senior-level volunteers to share their professional experience, know-how, and success stories with Arab youth.	
India	Small Enterprise Assistance Funds (SEAF) Asia Near East	2003-2008	Small Enterprise Assistance Fund (SEAF)	Seeks to mobilize resources that nurture and support small, non-IT related enterprises in India. Provides venture capital and technical advice. Encourages women entrepreneurs to participate in the market. Will become a self-sustaining venture fund that will provide a new funding option for the small scale sector.	USAID: 5,000,000; Partner: 17,000,000

Country(ies) of Alliance	Title of Alliance	Time Period	Partners in Alliance	Purpose of Alliance	Value of Alliance
India	SME Access to Finance Credit and Risk Assessment Alliance	2006-2008	Financial Services Volunteer Corps, Indian Institute for Financial Management Research	Strengthen India's banking and financial industry by focusing on the development of banking operations, systems, and strategy. In particular, it will address the problem of delivering the products and services necessary to stimulate and nurture India's SME sector.	USAID: 1,100,000; Partner: 4,025,329
India	Trade Capacity Building (Financial Services Volunteer Corps)	2004-2006	Citigroup, Financial Services Volunteer Corps, ICICI Bank	Strengthen India's banking and financial industry by focusing on the development of banking operations, systems, and strategy. Will help address the problem of delivering the products and services necessary to stimulate and nurture India's SME sector.	USAID: 350,000; Partner: 368,000
India	Environmental Compliance Capacity Building Program	2003-2006	Environmental Law Institute, Federation of Indian Chambers of Commerce and Industry, GE Foundation	To build capacity of 150 SMEs in the areas of environmental law compliance. SMEs in India, which often times do not have the resources to hire experienced environmental managers/lawyers, will benefit by learning of leading practices and legal issues from reputable US and Indian lawyers and practitioners.	USAID: 99,999; Partner: 200,000
India	Solar Finance Capacity Building Alliance	2003-2006	Bhartiya Vikas Trust, CTD-NGO Resource Center, Syndicate Bank, Winrock International	The alliance aims to expose banking professionals to the concepts, principles, and benefits of making retail and corporate loans for solar energy products and services.	USAID: 404,210: Partner: 1,389,474

Country(ies) of Alliance	Title of Alliance	Time Period	Partners in Alliance	Purpose of Alliance	Value of Alliance
India	Green Business Center	2003-2005	Information not available.	Sought to advance public policy goals of sustainable development, efficiency, and environmental protection through catalyzing private sector business.	USAID: 1,221,053: Partner: 4,300,000
India, Sri Lanka, Thailand (Brazil, Malawi, Rwanda, South Africa)	Lions Club International	2002-2007	Lions Club International Foundation	Provides training in IT and employability skills for vulnerable urban youth ages 16-29, working with NGOs and local governments to institutionalize programs that also include a self-employment option.	USAID: 450,000; Partner: 457,000
Indonesia	Alliance for Indonesia Insurance Education	2004-2006	AIG, Dewan Asuransi Indonesia, SouthEast Consortium for International Development, Yayasan Asuransi Indonesia	Develop educational. And training programs that follow standards comparable to those required by the international insurance profession, but geared to the special needs of the Indonesian market place.	USAID: 200,000; Partner: 523,506
Indonesia	AMARTA	2006-2009	PT Freeport Indonesia	AMARTA has formed a public private alliance with PT Freeport Indonesia called The Papua Agriculture Development Alliance (PADA) to bring economic development to remote areas of Papua. AMARTA is providing technical assistance, training and grant awards for fishing activities in Kokonao, coffee development in Wamena and Moanemani, and livestock and rice in Agimuga.	

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Indonesia	Intel Teach Indonesia	2007-2010	Intel	Introduce training that builds the capacity of primary school teachers to use information and communication technology as a pedagogical tool to enhance teaching and learning at the class-room level.	USAID: 500,00: Partner: Not available.
Indonesia	Bird's Head Development Initiative	2006-2009	BP	Aims to provide support for development and capacity building of institutions of governance and civil society in the Bird's Head area due to the development of a natural gas program by BP.	USAID: 3,020,000: Partner: 6,000,000
Indonesia, Philippines, Vietnam	Sustainable Cocoa Extension Services for Smallholders (SUCCESS) Alliance	2003-2006	ACDI/VOCA; Mars, Inc.; USDA; World Cocoa Foundation	To promote cocoa production using an integrated approach. In FY2005 the Vietnam SUCCESS Alliance has continued to leverage contributions from MARS and World Cocoa Foundation to establish a cocoa smallholder farmer network and initiate an equitable and efficient marketing chain for cocoa in Vietnam. Has also been working with the Vietnam Standards Centre to establish new national cocoa bean quality standard and model fermentories for post-harvest processing.	USAID: 750,000; Partner: 375,236
Indonesia, Philippines, Vietnam (Ecuador)	Sustainable Cocoa Extension Services for Smallholders (SUCCESS) Alliance	2002-2005	None listed	SUCCESS Philippines established cocoa in the Philippines as a viable income source for farmers through developing existing cocoa-related institutions and training smallholder cocoa farmers on integrated pest management and cocoa pod borer (CPB).	USAID: 738,763; Partner: 361,118

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Jordan	As-Samra Wastewater Treatment Plant	2000-2007	Jordan Ministry of Water and Irrigation. This is a PPP.	Build, Operate, and Transfer model. The plant will treat wastewater at a level that meets the international standards for discharge, and will greatly improve the environmental and health conditions in the surrounding area.	USAID $78.1 million grant; MWI $13.9 million; balance of $22 million from private sector consortium of Ondeo and Morganit Group.
Jordan	Achieving e-quality in Jordan	2005-2010	Cisco Systems, Ministry of Education, Ministry of Higher Education, Ministry of Information and Communications Technology, National Information Center, UNIFEM	Through this activity, young Jordanian women will acquire information technology skills so that they are competitive for the dynamic local high-the job market.	USAID $275,000; Partner $725,006
Kazakhstan	Business and Microfinance Services in Astana	2005-2007	ExxonMobil, Kazakhstan Loan Fund	Through the opening of an Enterprise Development Center in the capital city, business services and training and microfinance opportunities are available to underserved firms.	USAID $510,000; Partner $1,100,000
Kazakhstan	Establishment of Kazakhstan Credit Bureau	2005-2008	CreditInfo Group Ltd., Several local Kazakhstan banks	Formed to establish a credit bureau for Kazakhstan, the first such bureau in the former Soviet Union.	USAID $2,955,000; Partner $1,500,000
Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan	Adoption of International Accounting Practices, Principles, and Procedures	2004-2006	Center for Business Skills Development, Institute of Management Accountants, International Accounting Standards Committee Foundation	Promoting financial transparency, accountability, and professionalism will be achieved with the adoption and implementation of international accounting practices, principles, and standards.	USAID $2,334,000; Partner $9,204,000

Country(ies) of Alliance	Title of Alliance	Time Period	Partners in Alliance	Purpose of Alliance	Value of Alliance
Nepal	Non-Timber Forest Products	2002-2005	Asia Network for Sustainable Agriculture and Bioresources, Aveda, Federation of Community of Forest Users, Ford Foundation, Gorkha Ayurved Company Ltd., Himalayan BioTrade Pvt. Ltd., Himali Jadibuti Sarokar Samuha, Nepal Non-Timber Forest Product Network, Rainforest Alliance	By linking domestic and foreign non-timber forest product (NTFP) buyers to Nepali producers, the alliance increases incomes and employment for Nepal's NTFP producers, promotes sustainable resource management, institutes a certification program for NTFP, and expands responsible buying practices among industry members.	USAID: 501,655; Partner: 1,894,914
Nepal	Tea and Coffee Smallholder Mobilization Through Improved Governance	2004-2006	Agricultural Development Bank of Nepal, GTZ, Helvetas, Highland Coffee Promotion Company, Himalayan Marketing Cooperative, Himalayan Orthodox Tea Producers Association, Holland Coffee, International Development Enterprises, National Tea and Coffee Development Board, Nepal Coffee Producers Association, People's Awareness Development Center, Specialty Tea Institute, Tea and Coffee Development Section, Winrock International	To promote production and marketing of specialty tea and coffee through smallholder mobilization and improved governance.	USAID: 350,000; Partner: 2,735,087

Country(ies) of Alliance	Title of Alliance	Time Period	Partners in Alliance	Purpose of Alliance	Value of Alliance
Nepal	Tree Crop	2002-2005	GTZ, Helvetas Nepal, Highland Coffee Production Company, Himalayan Orthodox Tea Producers Association, Holland Coffee, International Development Enterprises, Lotus Opportunities, Winrock International	To increase production of tea and coffee; improve quality of processed tea and coffee; increase branded export; and increase employment and income of small holders. The activities will increase production from small holders, improve quality of the processed products, and find export markets. Together, the activities will increase the number of people joining the industry and reaching a decent standard of living by over 50,000.	USAID: 500,556; Partner: 1,441,534
Philippines	Automated Export Documentation System (AEDS)	2002-2005	AirFreight 2100/E-Konek, Bureau of Customs, Philippine Economic Zone Authority, PLDT Brains, Semiconductor and Electronics Industries of the Philippines	24/7 automation of the export documentation cycle to facilitate day-to-day transactions of exporters with the Bureau of Customs, the Philippine Economic Zone Authority, thereby bringing down money and time costs of business.	USAID: 95,000; Partner: 717,000
Philippines	Microenterprise Banking Services program (MABS)	2008-??	Chemonics, Mindanao Economic Development Council, Rural Bankers Association of the Philippines	Assists rural banks in the Philippines to increase the financial services they provide to the microenterprise sector by providing microfinance technical assistance and training.	
Philippines	AMORE	2005-2010	Information not available.	Provides electricity to remote and conflict affected areas in Mindanao using renewable energy.	USAID: 10,000,000; Partner: 4,165,351

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Sri Lanka	Supporting Environmental and Community through Ecotourism (SENCE)	2005-2007	Ecotourism Society of Sri Lanka; EplerWood International; Government and Ministries; Universities of Sri Lanka	The objective is to integrate environmental best practices in energy use, waste and noise and minimize impacts on the biodiversity in the tourism industry. The project aims to build the capacity of the tourism industry through training and employment opportunities as nature guides. The direct impact is two fold; building Sri Lanka's image as an ecotourism destination and build profits in the tourism industry while preserving the natural resources.	USAID: 900,000; Partner: 2,000,000
Sri Lanka	Geneva Global Inc.	2005-2008	50 Local NGOs	Focuses on vulnerable youth and families. Results included training to women in microbusiness, savings, and accounting; business support to rural entrepreneurs	USAID: 1,500,000; Partner: 1,500,000
Sri Lanka	Partnership for Eastern Economic Revitalization (PEER)	2009-2012	Land O'Lakes and CIC; Hayleys Agro Farms	PEER promotes alliances to foster innovation, create jobs, and increase people's incomes from both agriculture and off-farm enterprises in eastern Sri Lanka.	
Sri Lanka	Last Mile Initiative	2006-2008	Synergy Strategies Group (SSG), Dialog, and InfoShare	To establish high speed internet centers in rural Sri Lanka, to demonstrate a business model for financially sustainable IT centers and to channel through USAID supported employability skills curriculum.	USAID: 410,000; Partner: 390,000
Sri Lanka	Unlimited Potential Partnership (UPP)	2006-2010	Infoshare and Microsoft	To extend quality information and technology training to future employees from for specific industries (tourism, apparel, media, agriculture).	USAID: 190,200; Partner: 319,799

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Sri Lanka	Apparel Sector Training Partnership	2008-2009	Brandix	To increase the economic security and capacity of 600 unskilled women and men in the war affected Batticaloa district by training them for employment.	USAID: 100,000; Partner: 525,565
Timor-Leste	East Timor Investment Alliance	2008	Cooperative Business International	Establish an effective joint-venture financing, marketing, and management services company partnering East-Timor's farmer-owned coffee cooperative, Cooperative Café Timor, and a US-based and -owned multinational trade and investment company.	USAID: 300,000; Partner: 1,000,000
Vietnam	Training on-line Partnership in ICT for Community (TOPIC 64)	2006-2008	Center for Research and Consulting on Management, Electricity of Vietnam, Qualcom, HP, Microsoft	To provide unprecedented educational resources including information technology skills training and wireless internet access to communities across all of Vietnam's 64 provinces through the network of Community Technology and Learning Centers (CTLCs).	USAID: 210,538; Partner: 1,825,322
Vietnam	Last Mile Initiative 1.0	2005-2008	SRA International, Intel, Vietnam Telecommunications Fund (VTF), Vietnam Data Communication, and Qualcomm	This activity piloted advance wireless broadband internet access to remote and rural underserved populations in Vietnam.	
West Bank and Gaza	Palestinian ICT Incubator	2003-2006	Nathan Associates, Palestinian IT Association	To provide hosting and mentoring to local IT entrepreneurs who need assistance in accessing capital and management consulting services to establish an ICT business.	USAID $3,892,141; Partner $9,002,900

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